



## **FEDERAL RESERVE SYSTEM**

### **Proposed Agency Information Collection Activities; Comment Request**

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Notice, request for comment.

**SUMMARY:** The Board of Governors of the Federal Reserve System (Board) invites comment on a proposal to extend for three years, without revision, the Recordkeeping Provisions Associated with Guidance on Leveraged Lending (FR 4203; OMB No. 7100-0354).

**DATES:** Comments must be submitted on or before [insert date 60 days after publication in the Federal Register].

**ADDRESSES:** You may submit comments, identified by FR 4203, by any of the following methods:

- Agency Website: <https://www.federalreserve.gov>. Follow the instructions for submitting comments at <https://www.federalreserve.gov/apps/foia/proposedregs.aspx>.
- E-mail: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov). Include OMB number in the subject line of the message.
- FAX: (202) 452-3819 or (202) 452-3102.
- Mail: Ann E. Misback, Secretary, Board of Governors of the Federal Reserve System, 20<sup>th</sup> Street and Constitution Avenue, NW, Washington, DC 20551.

All public comments are available from the Board's website at

<https://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room 146, 1709 New York Avenue, NW, Washington, DC 20006, between 9:00 a.m. and 5:00 p.m. on

weekdays. For security reasons, the Board requires that visitors make an appointment to inspect comments. You may do so by calling (202) 452-3684. Upon arrival, visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

Additionally, commenters may send a copy of their comments to the OMB Desk Officer – Shagufta Ahmed – Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17<sup>th</sup> Street, NW, Washington, DC 20503, or by fax to (202) 395-6974.

**FOR FURTHER INFORMATION CONTACT:** A copy of the PRA OMB submission, including the proposed reporting form and instructions, supporting statement, and other documentation will be placed into OMB’s public docket files, if approved. These documents will also be made available on the Board’s public website at <https://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears below.

Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551, (202) 452-3829.

**SUPPLEMENTARY INFORMATION:** On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board authority under the Paperwork Reduction Act (PRA) to approve and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board. In exercising this delegated authority, the Board is directed to take every reasonable step to solicit comment. In determining whether to approve a collection of information, the Board will consider all comments received from the public and other agencies.

### **Request for comment on information collection proposal**

The Board invites public comment on the following information collection, which is being reviewed under authority delegated by the OMB under the PRA. Comments are invited on the following:

- a. Whether the proposed collection of information is necessary for the proper performance of the Board's functions, including whether the information has practical utility;
- b. The accuracy of the Board's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;
- c. Ways to enhance the quality, utility, and clarity of the information to be collected;
- d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and
- e. Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

At the end of the comment period, the comments and recommendations received will be analyzed to determine the extent to which the Board should modify the proposal.

### **Proposal under OMB delegated authority to extend for three years, without revision, the following information collection:**

*Report title:* Recordkeeping Provisions Associated with Guidance on Leveraged Lending.

*Agency form number:* FR 4203.

*OMB control number:* 7100-0354.

*Frequency:* On occasion.

*Respondents:* All financial institutions substantively engaged in leveraged lending activities supervised by the Board.

*Estimated number of respondents:* 40.

*Estimated average hours per response:* 755 hours.

*Estimated annual burden hours:* 30,200 hours.

*General description of report:* The Interagency Guidance on Leveraged Lending (Guidance)<sup>1</sup> outlines high-level principles related to safe-and-sound leveraged lending activities. The Guidance includes a number of voluntary recordkeeping provisions that apply to financial institutions for which the Board is the primary federal supervisor that engage in leveraged lending activities, including bank holding companies, savings and loan holding companies, state member banks, and state-chartered branches and agencies of foreign banks that engage in these activities. There are no reporting forms associated with this information collection (the FR 4203 designation is for internal purposes only).

The Guidance includes several provisions that suggest financial institutions engage in recordkeeping. The guidance states that institutions should maintain:

- well-defined underwriting standards that, among other things, define acceptable leverage levels and describe amortization expectations for senior and subordinate debt;
- sound management information systems that enable management to identify, aggregate, and monitor leveraged exposures and comply with policy across all business lines;
- strong pipeline management policies and procedures that, among other things, provide for real-time information on exposures and limits, and exceptions to the timing of expected distributions and approved hold levels; and

---

<sup>1</sup> “Interagency Guidance on Leveraged Lending,” March 21, 2013, available at <https://www.federalreserve.gov/supervisionreg/srletters/sr1303a1.pdf>. The Guidance was published jointly by the Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

- guidelines for conducting periodic portfolio and pipeline stress tests to quantify the potential impact of economic and market conditions on the institution’s asset quality, earnings, liquidity, and capital.

Many community banks are not subject to the Guidance because they do not engage in leveraged lending. The limited number of community and smaller institutions that are involved in leveraged lending activities may discuss with the Federal Reserve System how to implement these collections of information in a cost-effective manner that is appropriate for the complexity of their exposures and activities.

*Legal authorization and confidentiality:* The recordkeeping provisions of the Guidance are authorized pursuant to sections 9(6), 25, and 25A of the Federal Reserve Act (12 U.S.C. sections 324, 602, and 625) (for state member banks, agreement corporations, and Edge corporations, respectively); section 5(c) of the Bank Holding Company Act (12 U.S.C. section 1844(c)) (for bank holding companies); section 10(b)(3) of the Home Owners’ Loan Act (12 U.S.C. section 1467a(b)(3)) (for savings and loan holding companies); and section 7(c)(2) of the International Banking Act (12 U.S.C. section 3105(c)(2)) (for state-licensed branches and agencies of foreign banks, other than insured branches).

The information collections under the FR 4203 are voluntary. Because these records would be maintained at each banking organization, the Freedom of Information Act (FOIA) would only be implicated if the Board obtained such records as part of the examination or supervision of a banking organization. In the event the records are obtained by the Board as part of an examination or supervision of a financial institution, this information may be withheld from disclosure pursuant to exemption 8 of the FOIA, which protects information contained in “examination, operating, or condition reports” obtained in the bank supervisory process

(5 U.S.C. section 552(b)(8)). In addition, the information may also be kept confidential under exemption 4 of the FOIA, which protects “commercial or financial information obtained from a person [that is] privileged or confidential” (5 U.S.C. section 552(b)(4)).

*Consultation outside the agency:* The Board, FDIC, and OCC are discussing whether revisions to the interagency guidance are appropriate.

*Current actions:* Because there is no actual collection of information as part of the leverage lending guidance, the Board’s estimates of the number of respondents is a conservative estimate based on available supervisory information. The Board invites comment on the number of institutions that are affected by the leverage lending guidance.

Board of Governors of the Federal Reserve System, June 28, 2019.

---

**Michele Taylor Fennell,**

*Assistant Secretary of the Board.*

Billing Code 6210-01-P

[FR Doc. 2019-14261 Filed: 7/2/2019 8:45 am; Publication Date: 7/3/2019]